



PREMIUM COLLECTION OF SELECT PRIVATE NON-LIFE INSURANCE COMPANIES: AN EMPIRICAL ANALYSIS

Dr. Shib Pada Patra

Assistant Professor, Department of Commerce, Chittaranjan College (Affiliated to University of Calcutta), Kolkata, West Bengal, India.

ABSTRACT

Sound insurance business and its growth depend on the premium collection of the insurance company. Different premium collections of different private non-life insurance companies vary for their different marketing strategies adopted in the insurance market. This premium collection after meeting the expenses is invested in Indian financial markets to increase the growth of Indian economy as well as to increase the growth of the insurance business. In this study, multiple linear regression analysis is used to show the impact of the growth of premium collection of the each six private non-life insurance companies on the growth of total premium collection of private non-life insurance companies in Indian financial market. The paper reveals that the growth of premium collection of the TATA AIG General Insurance Company Ltd. is mainly significantly impact the growth of total premium collection of private non-life insurance companies.

KEYWORDS: Premium Collection, Multiple Linear Regression, Non-Life Insurance Companies, Marketing Strategy.

I. INTRODUCTION:

The business of the private non-life insurance companies runs smoothly when the insurance company collects the premium sufficiently. The large fiscal resource as excess premium collection over expenditure of the company is invested in Indian financial markets. It helps to fill the gap between resource needed and resource available for the capital investment in the Indian economy. This is very important to develop the Indian economy.

Under this backdrop, the present article is studied to recognize the impact of the growth of the premium collection of each six private non-life insurance companies on the growth of total premium collection of private non-life insurance companies in Indian Financial markets using multiple linear regression (MLR) analysis.

II. PAST STUDIES:

A. J. Barnes & Y. Hanoch (2017) in their article 'Knowledge and Understanding of Health Insurance: Challenges and Remedies' mentioned that poor health insurance literacy of the people mismatched to choice the adequate health insurance policy. R. Itumalla, G. V. R. K. Acharyulu & K. V. Reddy (2016) in their paper 'Health Insurance in India: Issues and Challenges' found that health insurance in India developed rapidly, the government should pass the better benefits to the weaker section of the society. V. S. Nehra (2015) discussed in 'The Problems with health Insurance Sector in India' that health insurance was the growing sector in India, but stakeholders had high claim paid out ratio and consumers was not aware of the need of health Insurance. R. Srinivasan (2001) mentioned in article, 'Health Insurance in India' that big player in insurance business was very important to deal with the large insurance risk and to discover innovative product. R. R. Bovbjerg & J. Hadley (2007) pointed out in their paper, 'Why health Insurance is Important' that uninsured people had less medical care, worse health out-comes and fiscal burden on their family. T. Ahlin, M. Nichter & G. Pillai (2016) in 'Health Insurance in India: What Do We Know and Why is Ethnographic Research Needed' expressed that medical anthropology played a vital role for the research of health insurance and impact of health insurance on healthcare. S. Kala & P. Jain (2015) studied in 'Awareness of Health Insurance among People with Special Reference to Rajasthan (India).' people trusted on public health insurance companies; they did not know the terms, conditions of the health insurance policy. N. Sood & Z. Wagner (2018) in the study 'Social Health Insurance for the Poor: Lessons from a Health Insurance Programme in Karnataka, India' reported, insurance should be design to improve the quality of health care, poor quality care and other opportunities.

III. METHODOLOGY:

This paper is exploratory in nature. The six private non-life insurance companies are selected on the basis of year of operation 2000-2001 or 2001-2002. These are Bajaj Allianz General Insurance Company Ltd. (BAJAJ), ICICI Lombard General Insurance Company Ltd. (ICICI), IFFCO Tokio General Insurance Company Ltd. (IFFCO), Reliance General Insurance Company Ltd. (RELIANCE), Royal Sundaram Alliance Insurance Company Ltd. (ROYAL) and TATA AIG General Insurance Company Ltd. (TATA). The secondary data collected from the articles, text books, and annual reports of the IRDA and Statistical Hand book of Insurance for the period of 2007-2008 to 2017-2018. Year wise growths are calculated from Secondary data for the period 2008-2009 to 2017-2018 using the formula: $\text{Growth (G)} = (\text{Ending Value} - \text{Beginning Value}) \div \text{Beginning Value} \times 100$. Multiple linear regression analysis is used to find impact of the growth of premium collection of select each six non-life insurance companies on the growth of total premium collection of private non-life insurance companies. The SPSS 20 Version and Excel-2007 are used to analyze the secondary data.

IV. OBJECTIVES OF THE STUDY:

The present article is studied to realize the impact of the growth of the premium collection of each six private non-life insurance companies on the growth of total premium collection of private non-life insurance companies in Indian Financial markets.

V. RESULT AND DISCUSSION:

The multiple linear regressions is used with the help of SPSS 20 Version on the growth of premium collection of the Bajaj Allianz General Insurance Company Ltd. (BAJAJG), ICICI Lombard General Insurance Company Ltd. (ICICIG), IFFCO Tokio General Insurance Company Ltd. (IFFCOG), Reliance General Insurance Company Ltd. (RELIANCEG), Royal Sundaram Alliance Insurance Company Ltd. (ROYALG) and TATA AIG General Insurance Company Ltd. (TATAG). The growth of total premium collection of private non-life health insurance companies is considered as dependent variable and the growth of premium collection of each six premium collection is measured as independent variable.

The growth of premium collection of six non-life insurance companies and growth of total premium collection of private non-life health insurance companies is shown in Table-I:

Table-I: Growth of Premium Collection

YEAR	INDEPENDENT VARIABLE (IV)						DEPENDENT VARIABLE (DV)
	BAJAJG (%)	ICICIG (%)	IFFCOG (%)	RELIANCEG (%)	ROYALG (%)	TATAG (%)	TOTAL PREMIUMG (%)
2008-2009	10.06	02.87	21.80	-01.62	15.69	05.27	12.09
2009-2010	-05.23	-03.14	06.10	03.38	13.66	03.63	13.44
2010-2011	15.62	29.04	22.32	-16.38	25.29	37.40	24.67
2011-2012	14.52	21.13	10.77	03.45	29.35	39.94	28.07

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2012-2013	21.75	19.10	29.86	17.37	05.42	30.06	25.26
2013-2014	12.87	11.77	14.26	18.85	-07.88	10.66	14.52
2014-2015	15.80	-02.60	13.61	13.69	09.20	14.87	09.62
2015-2016	11.52	21.16	10.85	02.79	07.96	09.01	13.12
2016-2017	30.88	32.56	50.72	40.97	29.20	40.88	35.55
2017-2018	23.74	15.21	01.23	28.81	19.86	30.42	21.59

Source: Compiled on the basis of secondary data using SPSS 20 Version

The result of multiple linear regressions is analysed here (Table-II).

Table-II: Result of Multiple linear Regression			
	RESULT		EXPLANATION
CONSTANT	7.890		Growth of Total Premium Collection = 7.890 (CONSTANT) -0.453 (BAJAJG) + 0.219 (ICICIG) + 0.151 (IFFCOG) + 0.189 (RELIANCEG) + 0.057 (ROYALG) + 0.444 (TATAG)
BAJAJG	0.453		
ICICIG	0.219		
IFFCOG	0.151		
RELIANCEG	0.189		
ROYALG	0.057		
TATAG	0.444		
DURBIN-WATSON	1.389		The Durbin-Watson statistic value indicates no correlation.
R	0.989		'R' shows that the strength of association is assessed. This is 98.90%.
ADJUSTED R SQUARE	0.934		The goodness of fit is evaluated by the Adjusted R Square which is 93.40%.
ANOVA (P-VALUE)	0.014		P-Value is less than 0.05 at 5% significant level; there is linear significant relationship between the DV and IVs. So, the model is useful.
SHAPIRO-WILK (P-VALUE)	0.850		P-Value is greater than 0.05 at 5 % significant level; hence, the residuals are normally distributed.
TOLERANCE	BAJAJG	0.194	Tolerance is greater than 0.10 (Tolerance > 0.1) and Variance inflation factor (VIF) is less than 10 (VIF < 10), it is found that there is no multicollinearity.
	ICICIG	0.300	
	IFFCOG	0.578	
	RELIANCEG	0.456	
	ROYALG	0.449	
	TATAG	0.169	
VIF (VARIANCE INFLATION FACTOR)	BAJAJG	5.167	
	ICICIG	3.328	
	IFFCOG	1.729	
	RELIANCEG	2.191	
	ROYALG	2.225	
	TATAG	5.928	

Source: Compiled on the basis of Table-I using SPSS 20 Version

Findings:

Table-II explains that estimated Multiple Linear Regression Equation on normally distributed data is good fit and shows 98.90% strength of association. The multicollinearity and correlation do not affect the result of the multiple linear regression analysis.

VI. CONCLUSION:

The growth of premium collection of Bajaj Allianz General Insurance Company Ltd has negative impact on the growth of total premium collection of private non-life insurance companies and the growth of premium collection of ICICI Lombard General Insurance Company Ltd., IFFCO Tokio General Insurance Company Ltd., Reliance General Insurance Company Ltd., Royal Sundaram Alliance Insurance Company Ltd and TATA AIG General Insurance Company Ltd. has positive impact. The growth of premium collection of TATA AIG General Insurance Company Ltd. is principally significantly impact the growth of total premium collection of private non-life insurance companies. The growth of premium collection of the Royal Sundaram Alliance Insurance Company Ltd. has lesser significant impact on growth of total premium collection. The different amount of premium collections of different non-life insurance companies is happened for different marketing strategies adopted by different private non-life insurance companies in India.

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